

VZCZCXR07429
OO RUEHCN RUEHGH
DE RUEHGH #0184/01 1401058

ZNY CCCCC ZZH
O 191058Z MAY 08
FM AMCONSUL SHANGHAI

TO RUEHC/SECSTATE WASHDC IMMEDIATE 6861
INFO RUEHB/AMEMBASSY BEIJING IMMEDIATE 1870
RUEHIN/AIT TAIPEI IMMEDIATE 1039
RUEHHK/AMCONSUL HONG KONG IMMEDIATE 1360
RUEHGZ/AMCONSUL GUANGZHOU PRIORITY 1199
RUEHSH/AMCONSUL SHENYANG PRIORITY 1226
RUEHCN/AMCONSUL CHENGDU 1228
RHEHAAA/NSC WASHINGTON DC
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 0138
RUEHUL/AMEMBASSY SEOUL PRIORITY 0205
RUEHKO/AMEMBASSY TOKYO PRIORITY 0302
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0010
RUEHGH/AMCONSUL SHANGHAI 7415

C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000184

SIPDIS

NSC FOR WILDER, TONG

E.O. 12958: DECL: 5/19/2033

TAGS: PREL PGOV MASS ETRD CH TW

SUBJECT: (C) SHANGHAI SCHOLARS DISCUSS INCOMING TAIWAN MA

ADMINISTRATION: CHINA NEEDS TIME TO ADJUST

CLASSIFIED BY: Simon Schuchat, Deputy Principal Officer, U.S.
Consulate General, Shanghai, China, Department of State.

REASON: 1.4 (b), (d)

¶1. (C) Summary. Shanghai scholars of cross-strait relations cautioned Stimson Center Distinguished Fellow Alan Romberg on May 16 that China will need time to adjust to the incoming Taiwan administration of President Ma Ying-jeou, including time to assess Ma's statements and initiatives following inauguration. The scholars were markedly cautious and conservative about the likelihood and pace of China changing its policies towards Taiwan, although they nonetheless acknowledged that the inauguration of Ma presents China with a strategic opportunity to build a new and better relationship with Taiwan en route towards China's ultimate goal of (re-)unification. The scholars said that Central Government officials' relief at the outcome of Taiwan's March Presidential election, combined with the need to deal with unrest in Tibet, foreign criticism of China during the Olympic torch run, and the catastrophic earthquake in Sichuan, has sapped high-level attention towards, and momentum on, cross-strait issues. End summary.

¶2. (SBU) The Consul General hosted Shanghai scholars of cross-strait relations at a May 16 luncheon in honor of Alan Romberg, Distinguished Fellow and East Asia Program Director at the Henry L. Stimson Center in Washington, DC. Participants included Huang Renwei and Yang Jian, Shanghai Academy of Social Sciences; Chen Dongxiao, Shanghai Institute for International Studies; Ren Xiao, Fudan University; and Zhuang Jianzhong, Jiaotong University. Deputy Principal Officer and Pol/Econ Chief also participated. Professor Romberg explained his view that Beijing may squander, through diverted attention and an excess of caution, the strategic opportunity to improve cross-strait relations and build trust presented by May 20 inauguration of President Ma Ying-jeou, and asked for comments.

¶3. (C) SIIS's Chen said Beijing needs more time to observe Ma Ying-jeou's words and actions. Ma is a "new Taiwanese," and has made conflicting statements in his recent public life. For instance, the mainland had noted with concern a Ma statement made during travels to Europe and the United States in the last two years that "independence is also an option" for Taiwan. However, at least some in Beijing recognize that Ma is a

politician, who must deal with political pressures in Taiwan. Momentum for dealing with cross-strait issues slowed with the outcome of the March 20 election in Taiwan and the great relief Beijing felt. Remaining momentum has been rapidly overwhelmed by, first, the Tibet situation, then by controversies surrounding the Olympic torch run and, finally, by the catastrophic May 12 earthquake in Sichuan. Leaders are thus now focused on these domestic issues. Taiwan remains important, but it is no longer an urgent issue. Meanwhile, Ma's publicly stated desire to travel to the United States, Europe and Singapore before his inauguration put too much on the table. Chen urged that the Ma administration consult with Beijing before initiating any new measures in cross-strait relations. Absent prior notification, unilateral action by the Ma administration could increase mainland suspicions of Ma and Taiwan. Both sides should focus first on technical issues such as cross-strait flights and not raise issues that touch on sovereignty in the near term. China needs time to adjust to the Ma administration. This is a more complicated task than dealing with the Chen Shui-bian administration, which the mainland could simply oppose. Chen also urged that both sides attempt to identify cross-strait confidence-building measures.

Hu's 16 Characters; International Space; A New Cross-Strait Game

¶4. (C) Jiaotong Professor Zhuang, describing both cross-strait and U.S.-China-Taiwan relations as tending in positive directions, highlighted the strategic importance of President Hu's sixteen-character phrase to prescribe the course of cross-strait relations, particularly the emphasis on shelving differences and finding win-win solutions. Fudan's Ren likewise cited Hu's 16 characters as crucially important, new and wise. In Zhuang's view, quick solutions are not attainable for

SHANGHAI 00000184 002 OF 003

problems such as Taiwan's international space (though Zhuang pointedly noted that the World Health Assembly participation does not require sovereignty) and arms sales to Taiwan. Nor could the problem of the status of the "Republic of China" be solved during Ma's first term as President, according to Zhuang.

SIIS's Chen opined that Ma places too much emphasis on Taiwan's international space, but welcomed Ma's comments about a diplomatic truce and an end to checkbook diplomacy. Hu Jintao's focus on "peaceful development" rather than merely emphasizing "avoiding Taiwan independence" is a forward-looking and positive approach to cross-strait issues. SASS's Yang said a "new game" is beginning across the strait with Ma's inauguration. During Chen Shui-bian's reign, the mainland needed more courage than wisdom to deal with cross-strait potentialities, but now the mainland will need wisdom more than courage. Ma himself will need time to deal with those who did not support him in the campaign. Chinese pressure on Ma could backfire. Both sides need time to form the rules of this new Ma-era game. Ren suggested that Ma focus on issues that concern the daily lives of Taiwan persons, such as weekend cross-strait aviation links, and not undertake any initiatives that could provoke the mainland.

Don't Want Too Much

¶5. (C) SASS's Huang expanded the list of issues for which near-term solutions are not probable to include also cross-strait military relations. In the next four years, even cooperation on social issues between the mainland and Taiwan could be difficult: for instance, how will Taiwan cope with as many as 5 million mainland tourists per year? While Ma will need accomplishments to show his party and the people of Taiwan and for his self-respect, the status of Taiwan cannot be changed. Ma needs to be careful about the legal status of Taiwan and let the mainland know what he wants for Taiwan -- and it is better if he does not want very much for Taiwan.

Inaugural Speech, Actions Will Be Closely Watched

¶6. (C) Huang said mainland officials and scholars will be attentive to Ma's inaugural address, and any other statements in

which Ma might respond to Hu Jintao's 16 characters. Huang expects that Ma will soon say mostly positive things about the 16-character phrase and possibly outline new initiatives his administration will hope to undertake. All of those words will be studied carefully, as will anything that Ma says about Taiwan's relations with the United States. On the latter topic, Huang expected no big changes. The mainland will also closely study how Ma deals technically with concrete issues, such as the quality and quantity of arms purchases.

Verbology: "One China" and "'92 Consensus"

17. (C) Professor Romberg asked why mainland officials appear to have shifted from citing the "One-China Principle" in statements about dealing with Taiwan, and were now more often using "the '92 consensus." SASS's Huang replied that the two expressions are the same: the '92 consensus was "one China, different interpretations." "One China" is the mainland's official expression, but Taiwan needed another expression for the same thing. By using the Taiwan side's phrase, the mainland hopes that Taiwan audiences will be more ready to engage in dialogue. Less use of the mainland's official term is not the same as no longer using the term, or no longer holding that principle. "One China, Peaceful Development" (Yige Zhongguo, heping fazhan) is becoming China's preferred formulation for cross-strait relations. SIIS's Chen noted that Madame Lai, the independence supporter that Ma has designated to head up his Mainland Affairs Council, has talked about "One China with different interpretations." Calling it the "'92 consensus" may be less acrimonious than using Lai's phrasing.

Comment

18. (C) Our interlocutors, who hail from thinktanks that study cross-strait relations and send their analyses and recommendations to the Central Government in Beijing, were cautious and conservative in assessing cross-strait developments following the change of administration in Taipei. They

SHANGHAI 00000184 003 OF 003

recognize that China has an opportunity to deal with a new and preferred administration in Taipei, but see the center's attention as diverted by other issues. From their comments, it appears likely that in the near term, many on the mainland will watch and react to the new Ma Ying-jeou Administration rather than devise concrete initiatives to give substance to Hu's vision. At the very least, they are not likely to get out in front of Hu Jintao on cross-strait relations.

JARRETT